Form 3160-3
(February 2005)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **UTU-76494**

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☐ Single Zone ☑ Multiple Zone

8. Lease Name and Well No. **Twelvemile Wash 11-13-5-20**

2. Name of Operator **The Houston Exploration Company**

9. API Well No. 43-047-38437

3a. Address **1100 Louisiana, Suite 2000, Houston, TX 77002**

3b. Phone No. *(include area code)* **713-830-6800**

10. Field and Pool, or Exploratory **Exploratory** Wildcat

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* 40.380665 -109.624796
At surface **1,899' FSL & 1,984' FWL NE 1/4 of the SW 1/4**
At proposed prod. zone **Same as above** 616738X 4470706Y

11. Sec., T. R. M. or Blk. and Survey or Area **Sec. 13, T5S, R20E. S.L.B.&M.**

14. Distance in miles and direction from nearest town or post office* **9.3 miles south of Vernal, UT**

12. County or Parish **Uintah**

13. State **UT**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
1,899'	**2,000**	**40**
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
NA	**10,500'**	**104155044**
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
5,268' GR	**01/01/2007**	**30 Days**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature	Name *(Printed/Typed)*	Date
William A Ryan	**William A Ryan**	**07/31/2006**
Title **Agent**		

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
	BRADLEY G. HILL	08-14-06
Title	Office ENVIRONMENTAL MANAGER	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Federal Approval of this Action is Necessary

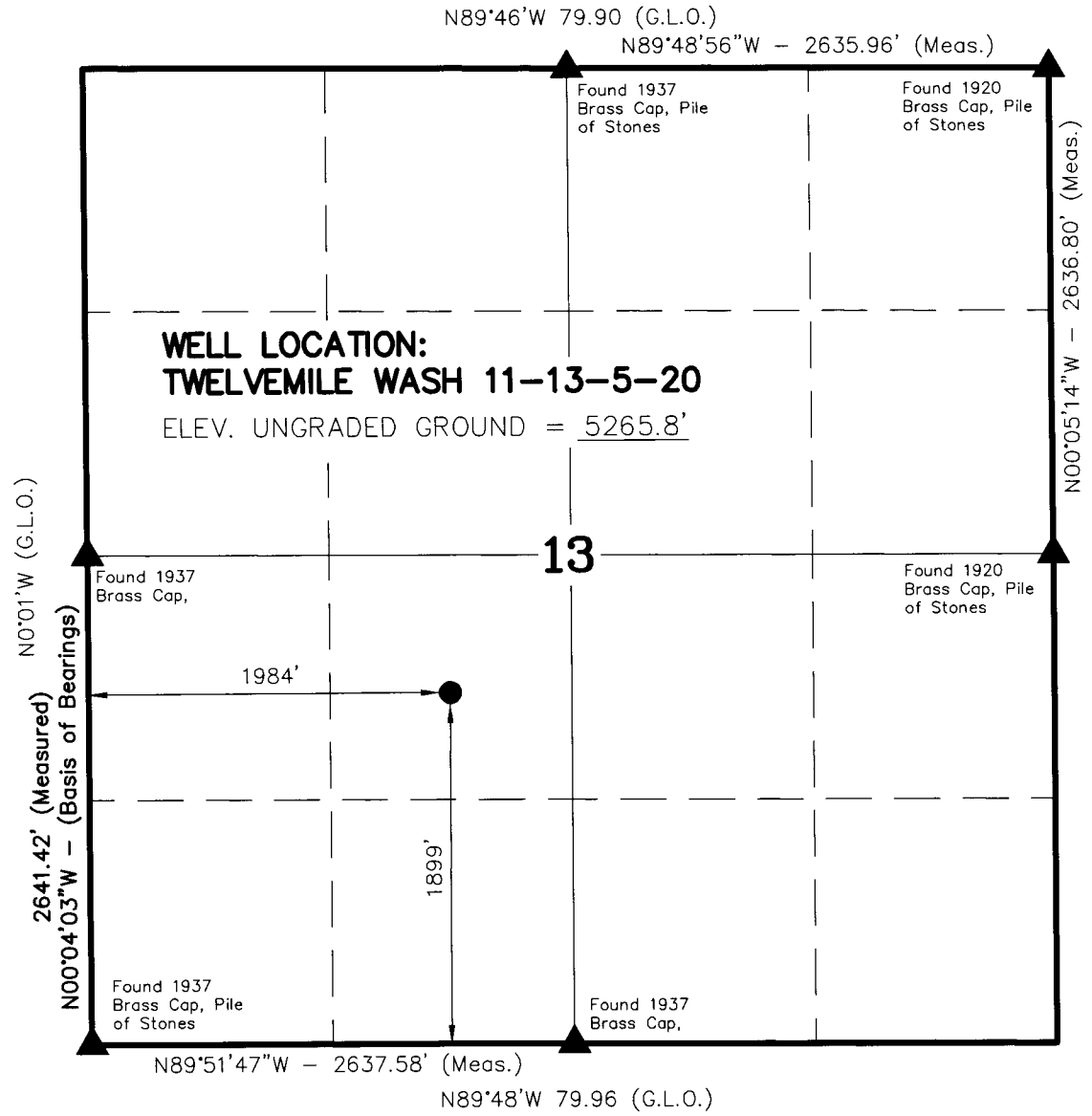
RECEIVED
AUG 07 2006
DIV. OF OIL, GAS & MINING

RECEIVED
BUREAU OF LAND MANAGEMENT

T5S, R20E, S.L.B.&M.

THE HOUSTON EXPLORATION COMPANY

WELL LOCATION, TWELVEMILE WASH 11-13-5-20, LOCATED AS SHOWN IN THE NE 1/4 SW 1/4 OF SECTION 13, T5S, R20E, S.L.B.&M. UINTAH COUNTY, UTAH.



NOTES:
1. Well footages are measured at right angles to the Section Lines.
2. Bearings are based on Global Positioning Satellite observations.

N

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
REGISTRATION No. 362251
STATE OF UTAH

REGISTERED LAND SURVEYOR No. 362251 KOLBY R. KAY STATE OF UTAH

▲ = SECTION CORNERS LOCATED

BASIS OF ELEVATION IS A SPOT ELEVATION AT THE INTERSECTION OF HIGHWAY 40 AND HIGHWAY 219 (88) WHICH IS LOCATED IN THE NE 1/4 OF SECTION 8, T6S, R20E, S.L.B.&M. THE ELEVATION OF THIS INTERSECTION IS SHOWN ON THE VERNAL SW 7.5 MIN. QUADRANGLE AS BEING 5100'.

TWELVEMILE WASH 11-13-5-20
(Proposed Well Head)
NAD 83 Autonomous
LATITUDE = 40° 22' 50.25"
LONGITUDE = 109° 37' 31.44"

TIMBERLINE LAND SURVEYING, INC.
38 WEST 100 NORTH. - VERNAL, UTAH 84078
(435) 789-1365

DATE SURVEYED: 11-25-05	SURVEYED BY: K.R.K.	SHEET 2 OF 10
DATE DRAWN: 11-30-05	DRAWN BY: M.W.W.	
SCALE: 1" = 1000'	Date Last Revised: 8-1-06	

Ten Point Plan

The Houston Exploration Company

Twelvemile Wash 11-13-5-20

Surface Location NE ¼ SW ¼,

Section 13, T. 5S., R. 20E.

1. **Surface Formation**
   Uintah

2. **Estimated Formation Tops and Datum:**

Formation		Depth	Datum
Uintah		Surface	5,266'G.R.
Birds Nest	Water	3,500'	1,766'
Green River	Oil/Gas	4,500'	766'
Wasatch	Oil/Gas	7,300'	-2,034'
TD		10,500'	-5,732'

A 17 ½" hole will be drilled to 3,900' +/-. The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest. All fresh water and oil and gas baring zones shall be protected by casing and cement program.

3. **Producing Formation Depth:**
   Formation objective includes the Green River, Wasatch, and their sub-members.

4. **Proposed Casing:**

Hole Size	Casing Size	Weight/FT	Grade	Coupling & Tread	Casing Depth	New/Used
30	26	68.75#	A430		40'	NEW
24	20	94#	H-40	ST&C	350'	NEW
17 ½	13 3/8	72#	N-80	ST&C	3,900'	NEW
11	8 5/8	36#	K-55	LT&C	7,000'	NEW
7 7/8	4 ½	11.6#	N-80	LT&C	7,700'	NEW
7 7/8	4 ½	13.5#	P-110	LT&C	10,500'	NEW

Cement Program:

Conductor casing #1 will be cemented as follows from 0'-40':
Note: Cement Volume = Gauge hole + 50%

Casing Size	Cement Type	Cement Amounts	Cement Yield	Water Mix	Cement Weight
Lead:					
26	Portland CMT Class IA 4 Integral Air-entraining Agent	118 sks +/-	1.15ft³/sk	5	15.8 ppg

Conductor casing #2 will be cemented as follows from 0'- 350':
Cement volume = Gauge hole + 50%

Casing Size	Cement Type	Cement Amounts	Cement Yield	Water Mix	Cement Weight
Lead:					
20	Portland CMT Class "G" 2% Calcium Chloride ¼#/sk Flocele	247 sks +/-	1.5ft³/sk	5	15.8 ppg

The Surface Casing will be cemented as follows from 0'- 3,900':
Cement volume = Gauge hole + 25%

Casing Size	Cement Type	Cement Amounts	Cement Yield	Water Mix	Cement Weight
Lead:					
13 3/8"	Premium "5" 16% Gel 10#/sk Gilsonite 3% Salt 3#/sk GB3 0.25#/sk flocele	742 sks. +/-	3.82ft³/sk	23	11.0 ppg
Tail:					
13 3/8"	Class "G" 2% Calcium Chloride 0.25#/sk Flocele	589 sks. +/-	1.18ft³/sk	5	15.6 ppg
Top Job:					
	Class "G" 4% Calcium Chloride 0.25#sk Flocele	10-200 sks. +/-	1.15ft³/sk	5	15.8 ppg

Intermediate casing will be cemented as follows from 3,700'- 7,000':
Cement volume = Gauge hole + 25%

Casing Size	Cement Type	Cement Amounts	Cement Yield	Water Mix	Cement Weight
Lead:					
8 5/8"	50/50 POZ'G 5% Salt (BWOW) 0.6% HALAD 322 0.25#/sk Flowcele 0.2% Super CBL 2% Micro Bond	1,361 sks +/-	1.25ft³/sk	5.26	14.35 ppg

Production casing will be cemented as follows from 6,800'- 10,500:
Note: Lead should be 200' above the Wasatch.
Cement volume = Gauge hole + 25%

	Casing Size	Cement Type	Cement Amounts	Cement Yield	Water Mix	Cement Weight
Lead:	4 ½	PREM.AG300 50/50 POZ "G" CMT 2% Gel 0.4% Halad 344 0.25% HR-12 0.2% CFR-3 5#/sk Sillicalite 20% SSA-1 0.25#/sk Flowcele 0.2% Super CBL	608 sks +/-	1.73ft³/sk	8.17	13.5 ppg

5. **BOP and Pressure Containment Data:**

A 5000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 13 3/8" surface casing. An upper kelly cock to the required pressure rating with a handle available shall be employed.
The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. **Mud Program:**

Interval	Mud weight lbs./gal.	Viscosity Sec./OT.	Fluid Loss Ml/30 Mins.	Mud Type
0-3,900	Air/Clear Water	------	No Control	Water/Gel
3,900-T.D.	8.4-12.0	30-45	8-10	LSND water based mud system

Note: Mud weights may exceed 12.0 due to solids increasing at or near T.D. Increased weights are not required to control formation pressure.
Operator will have on location sufficient mud and weight material to increase mud weight to 12.0 at any time while drilling the subject well. Visual mud monitoring incorporating pit level indicators shall be used.

7. Testing, Coring, Sampling and Logging:

a) DST: None are anticipated.

b) Coring: There is the possibility of sidewall coring.

c) Mud Sampling: Every 10' from 3,900' to T.D.

d) Logging:

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

8. Abnormalities (including sour gas)

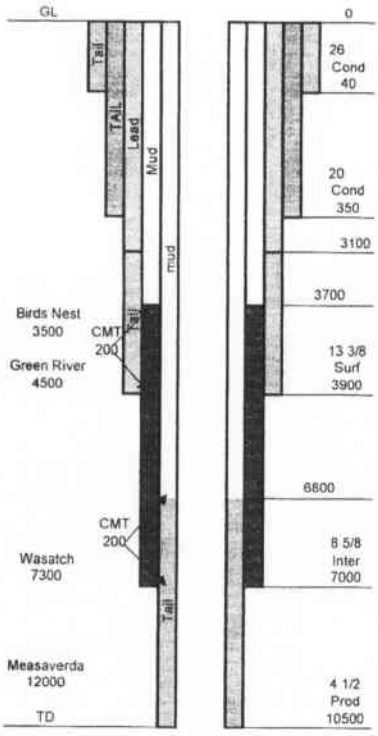
Anticipated bottom hole pressure will be less than 5000 psi. No abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered over pressured zones or H2S.

9. Other facets of the proposed operation:

Off set well information
None

10. Drilling Schedule:

The anticipated starting date is __1/01/2007__. Duration of operations is expected to be 30 days.



Well Name: Twelve Mile 11-13-5-20

14-Jul-2006 8.00 — 21-Jul-2006 13.00

Proposed Casing

	Open Hole Size	Csg Size	Csg Wt	Csg Grade	Csg Coupling & Tread	Csg Setting Depth	Csg New/Used	Internal Yield PSI	Collapse PSI
Conductor #1	30	26	68.75	A430		40	New	500	
Conductor #2	24	20	94	H-40	ST&C	350	New	2110	520
Surface	17 1/2	13 3/8	72	N-80	ST&C	3900	New	5380	2670
Intermidiate	11	8 5/8	36	K-55	LT&C	7000	New	3930	2530
Production	7 7/8	4 1/2	11.6	N-80	LT&C	7700	New	7780	6350
Production	7 7/8	4 1/2	13.5	P110	LT&C	10500	New	12410	10680

Estimated Formation Tops and Datum

Formation	Depth	Datum
Uintah	Surface	5266
Birds Nest	3500	1766
Green River	4500	766
Wasatch	7300	-2034
Measaverda	12000	-6734
TD	10500	-5234

Cement Program

Conductor Casing # 1

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	26	Portland CMT	118	1.15	5	15.8
Top	0	Class IA 4				
Bottom	40	Integral Air-entraining Agent				

Conductor Cement Volume Calculation # 1

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess	1.5
Lead	0	40	40	135	24	118	176	

Conductor Casing Cement Data # 1

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulas 30 X 26	68#XOH	Cuft/ft 3.3816	Bbls/ft 0.6023
Lead	26	30	40	3.3816	0.6023				

Conductor Casing # 2

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	0	Portland CMT	247	1.5	5	15.8
Top	0	Class "G"				
Bottom	350	2% Calcium Chloride				
		1/4#/Sk Flocele				

Conductor Cement Volume Calculation # 2

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess	1.5
Lead	0	40	40	60	11	40	60	
Lead	40	350	310	38	7	207	310	

Conductor Casing Cement Data # 2

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulas 26X 20	68.75#X94#	Cuft/ft 1.5053	Bbls/ft 0.2681
						24 X 20	94#/OH	0.9599	0.171
Lead	26	24	40	1.5053	0.2681				
Lead	24	20	310	0.9599	0.171				

Surface Casing

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	13 3/8	Premium 5	742	3.82	23	11
Top	0	16% Gel				
Bottom	3900	10 #/sk gilsonite				
		3% Salt				
		3 #/sk GB3				
		.25 #/sk flocele				
Tail	13 3/8	Class "G"	589	1.18	5	15.6
Top	0	2% Calcium Chloride				

Bottom	3900	.25 #/sk flocele				
Top Job		Class "G"	10-200 sks	1.15	5	15.8
		4% Calcium Chloride				
		.25 #/sk flocele				

Surface Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/25% Excess	1.25
Lead	0	350	350	357	64	93	117	
Lead	350	3100	2750	1910	340	500	625	
						Total	742	
Tail	3100	3900	800	556	99	471	589	

Surface Casing Cement Data

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft
Lead	13 3/8	12 5/7	350	1.019	0.1815
Lead	13 3/8	12 1/4	2750	0.6946	0.1237
Tail	13 3/8	12 1/4	800	0.6946	0.1237

Annulas		Cuft/ft	Bbls/ft
20 X 13 3/8	94#/68#	1.019	0.1815
17.5 X 13 3/8	68#/OH	0.6946	0.1237

Intermediate Casing

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
	8 5/8	50/50 POZ' G CMT	1361	1.25	5.26	14.35
Top	0	5% Salt (BWOW)				
Bottom	7000	.6% HALAD 322				
		.25#/sk Flowcele				
		.2% SUPER CBL				
		2% Micro BOND				

Intermediate Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/25% Excess	1.25
	3700	3900	200	87	16	12	12	
	3900	7000	3100	1348	240	1079	1348	
						Total	1361	

Interdediate Casing Cement Data

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft
	8 5/8	10 3/4	200	0.4349	0.0775
	8 5/8	11	3100	0.2016	0.0359

Annulas		Cuft/ft	Bbls/ft
13 5/8 X 8 5/8	68#/36#	0.4349	0.0775
11 X 8 5/8	36#/OH	0.2016	0.0359

Production Casing

	Casing Size	Cement Type	Cement Amount sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight ppg
Lead	4 1/2	PREM AG300	608	1.73	8.17	13.5
Top	0	50/50 POZ "G" CMT				
Bottom	10500	2% GEL				
		4%Halad 344				
		.25% HR-12				
		2% CFR-3				
		5#/sk Silicalite				
		20% SSA-1				
		.25#/sk FLOWCELE				
		2% Super CBL				

Production Cement Volume Calculation

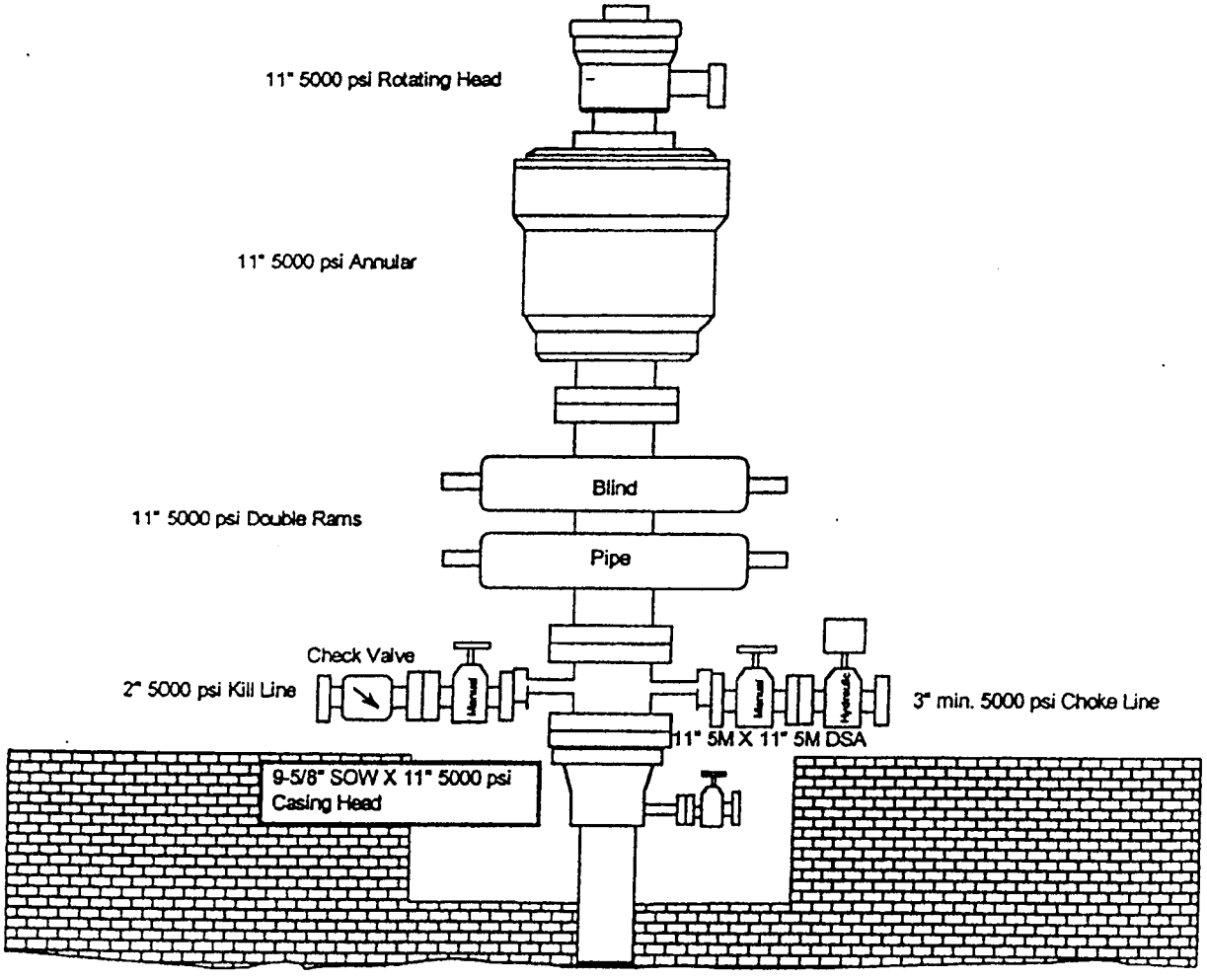
	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/25% Excess sks	1.25
Lead	6800	7000	200	45	8	26	32	
Lead	7000	10500	3500	797	142	461	576	
						Total	608	

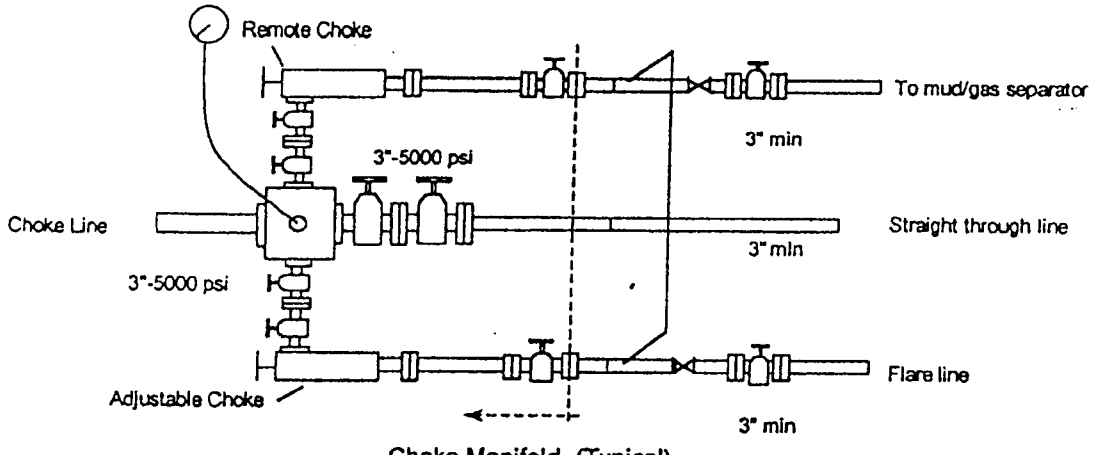
Production Casing Cement Data

	Csg Size In.	Hole/Csg Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft
Lead	4 1/2	8 5/8	200	0.2235	0.0398
Lead	4 1/2	8 5/8	3500	0.2278	0.0406

Annulas		Cuft/ft	Bbls/ft
4.5 X 8 5/8	17#/36#	0.2235	0.0398
4.5 X 7 7/8	20#/OH	0.2278	0.0406

BOPE Diagram
5000 psi WP





Choke Manifold (Typical)

THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

TWELVEMILE WASH 11-13-5-20

LOCATED IN NE ¼ SW ¼

SECTION 13, T.5S, R20E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: UTU-76494

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads:

The Houston Exploration Company

Twelvemile Wash 11-13-5-20

Section 13, T. 5S, R. 20E

Proceed in a westerly direction from Vernal, Utah along US Highway 40 approximately 7.4 miles to the intersection of a class D county road. Exit right and proceed in a westerly direction along the class D county road approximately 1.6 miles to the proposed access road. Follow road flags in a northeasterly direction approximately 1,630 feet to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 9.3 miles.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 1,630' of new construction and approximately 0.2 miles of two-track upgrade on lease and approximately 6,220' of new construction off lease and approximately 0.2 miles of two-track upgrade off lease. The road will be graded once per year minimum and maintained.

A) Approximate length	**1630 ft**
B) Right of Way width	**30 ft**
C) Running surface	**18 ft**
D) Surface material	**Native soil**
E) Maximum grade	**8%**
F) Fence crossing	**None**
G) Culvert	**None**
H) Turnouts	**None**
I) Major cuts and fills	**None**
J) Road Flagged	**Yes**
K) Access road surface ownership	**Federal**
L) All new construction on lease	**No**
M) Pipe line crossing	**No**

Please see the attached location plat for additional details.

An off lease right-of-way will be required for approximately 6220' of new construction and approximately 0.2 miles of two-track upgrade.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

A) Producing well	**None**
B) Water well	**None**
C) Abandoned well	**None**
D) Temp. abandoned well	**None**
E) Disposal well	**None**
F) Drilling /Permitted well	**None**
G) Shut in wells	**None**
H) Injection well	**None**
I) Monitoring or observation well	**None**

Please see the attached map for

additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Carlsbad Canyon** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is **Carlsbad Canyon.**

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 CFR 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval form the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 920' of 3" steel surface gas gathering line would be constructed on Federal lands.

The pipeline will tie into the proposed pipeline for the Twelvemile Wash 1-15-5-20 in Section 13, T5S, R20E. The pipeline will be strung and boomed to the south of the location and parallel to the access road. The pipeline line will be buried at water crossings. A temporary construction width of 30' will be required for one week and a permanent width of 15' will be required.

An off lease right-of-way will not be required.

Please see the attached location diagrams for pipeline location.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association)

standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from a Vernal City Tap at 355 S 1000 E (Dalbo/ A-1 Tank.)

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below the surface of the existing ground Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. **Evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.**

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities

planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

A) Pad length	**345 ft.**
B) Pad width	**260 ft.**
C) Pit depth	**12 ft.**
D) Pit length	**150 ft.**
E) Pit width	**75 ft.**
F) Max cut	**29.6 ft.**
G) Max fill	**9.3 ft.**
H) Total cut yds.	**13,780 cu yds**
I) Pit location	**North end**
J) Top soil location	**South end**
K) Access road location	**South end**
L) Flare Pit	**Corner C**

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at leas 42 inches.

C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,500** cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. **The unused portion of the location (the area outside the dead men) will be re-contoured.**

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled
All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Interim Seed Mix

4#/acre Indian Rice Grass
4#/acre Crested Wheat Grass
4#/acre Needle & Thread Grass

11. Surface ownership:

Access road	
	Federal
Location	**Federal**
Pipeline	**Federal**

12. Other information:

A) Vegetation

The vegetation coverage is slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian Rice grass and Sagebrush are also found on the location.

B) Dwellings:

There are no dwellings or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity

(subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is The Green River, 10 miles to the Southeast.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.

b) Location completion
prior to moving on the drilling rig.

c) Spud notice
At least twenty-four (24) hours prior to spudding the well.

d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.

e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.

f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit out side the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

Office 435-789-0968
Fax 435-789-0970
Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be preformed by The Houston Exploration Company and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Onsite Dates: 5/30/06

Please be advised that The Houston Exploration Company is considered to be the operator of the following well:

Twelvemile Wash 11-13-5-20
Section 13, T. 5S, R. 20E
NE ¼ of the SW ¼
Lease UTU-76494
Uintah County, Utah

The Houston Exploration Company is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond UTU-104155044 provides state-wide bond coverage on all Federal Lands.

Date 7/31/06

William A. Ryan, Agent
Rocky Mountain Consulting

Self Certification Statement

The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Statement of use of Hazardous Materials

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan
Agent for The Houston Exploration Company
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax

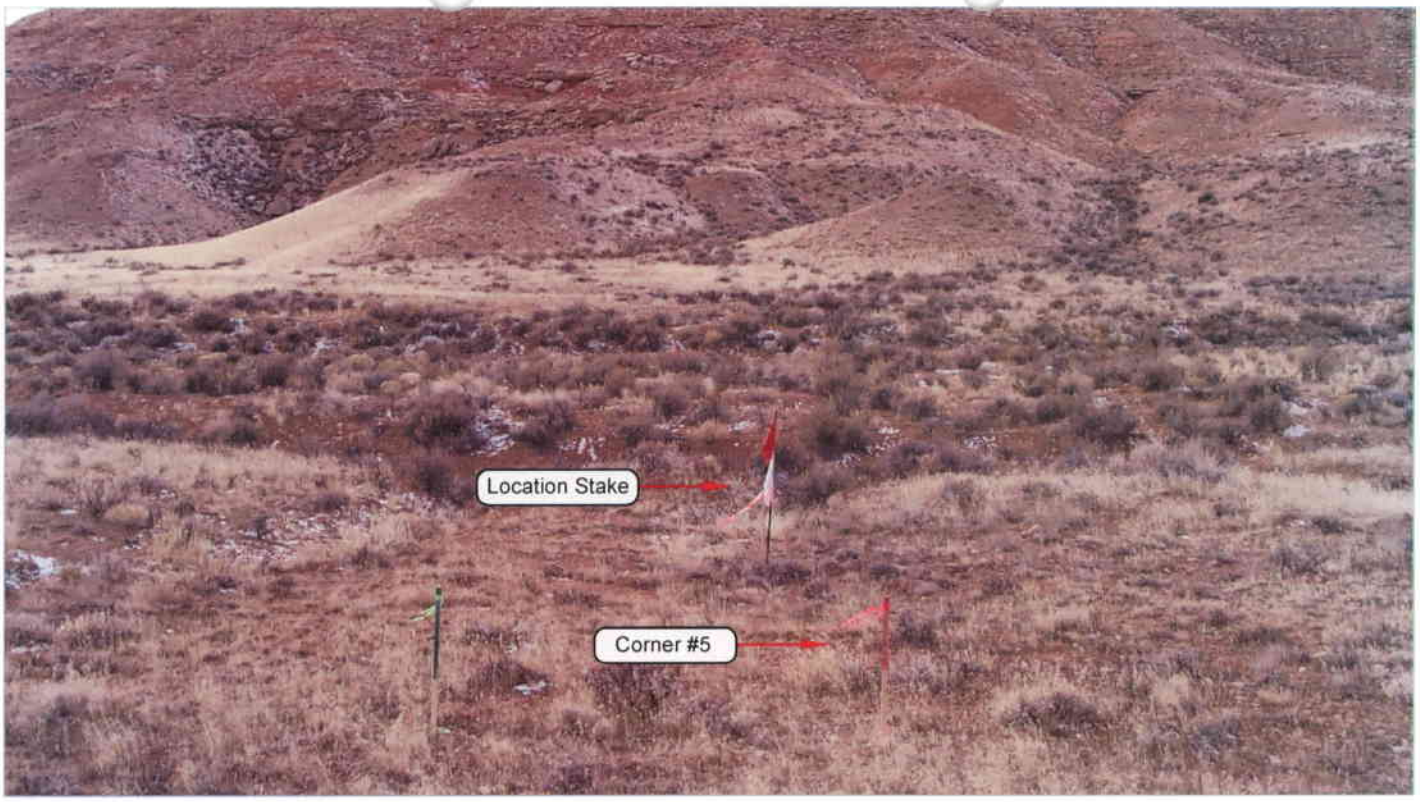


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE CAMERA ANGLE: SOUTHWESTERLY

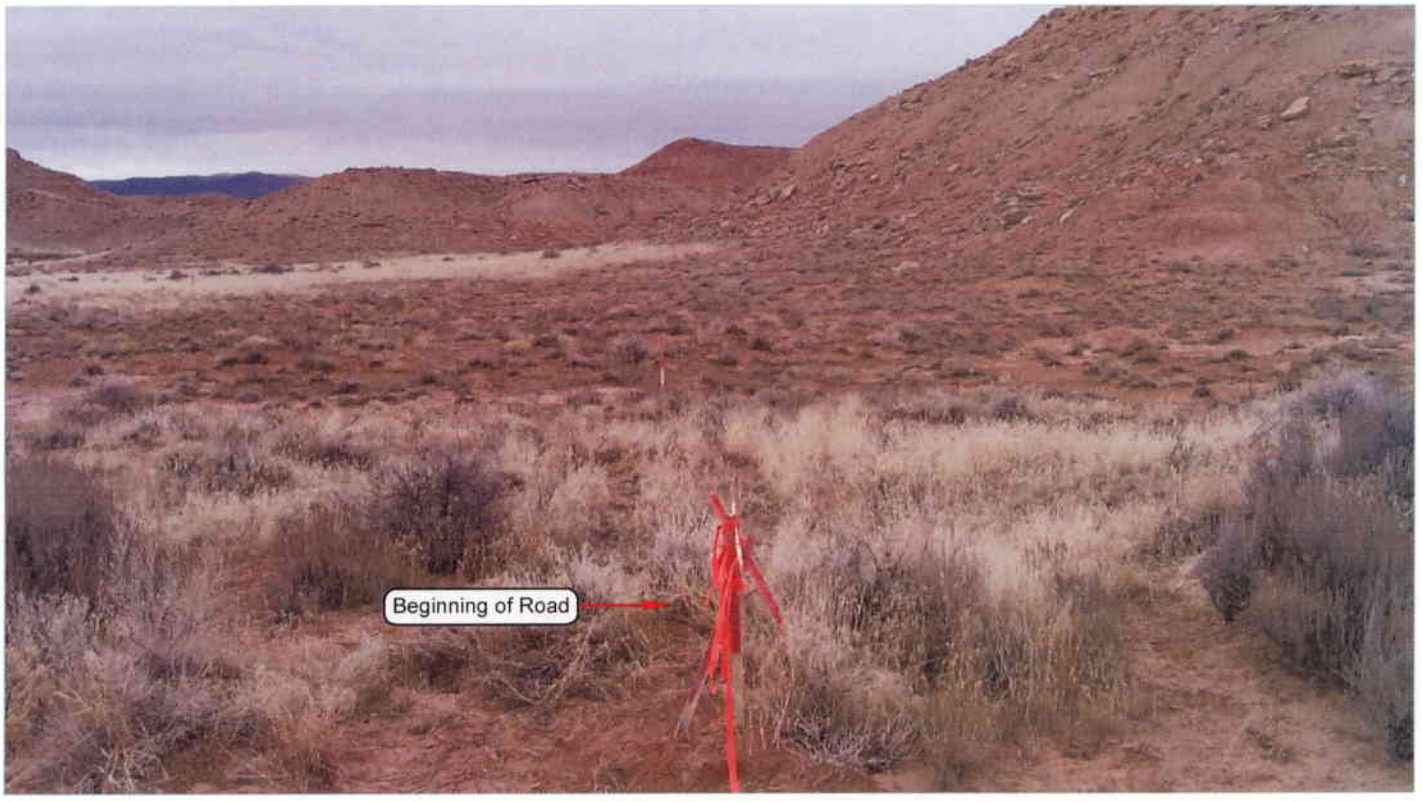


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD CAMERA ANGLE: NORTHERLY

THE HOUSTON EXPLORATION COMPANY

Twelvemile Wash 11-13-5-20
SECTION 13, T5S, R20E, S.L.B.&M.
1899' FSL & 1984' FWL

LOCATION PHOTOS		DATE TAKEN: 11-25-05
		DATE DRAWN: 11-30-05
TAKEN BY: K.R.K.	DRAWN BY: BJ.Z.	REVISED: 8-1-06

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365

THE HOUSTON EXPLORATION COMPANY

CUT SHEET

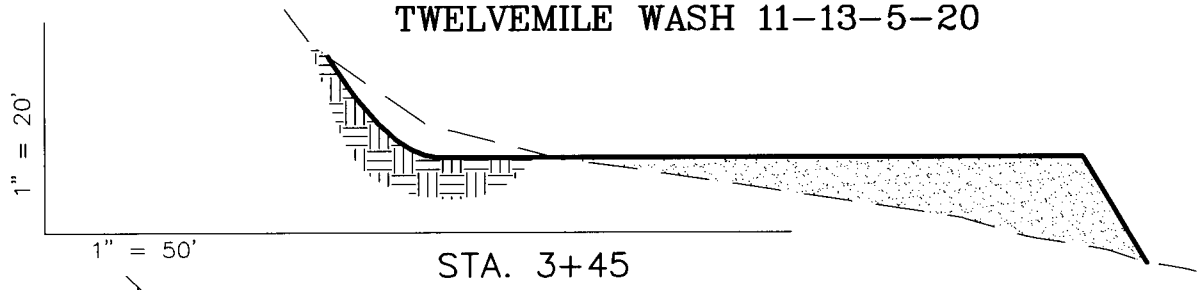
TWELVEMILE WASH 11-13-5-20

Section 13, T5S, R20E, S.L.B.&M.	Qtr/Qtr Location: NE SW		Footage Location: 1899' FSL & 1984' FWL	
Date Surveyed: 11-25-05	Date Drawn: 11-30-05	Date Last Revision: 8-1-06	Timberline Land Surveying, Inc. (435) 789-1365	SHEET 3 OF 10
Surveyed By: K.R.K.	Drawn By: M.W.W.	Scale: 1" = 50'	38 WEST 100 NORTH VERNAL, UTAH 84078	

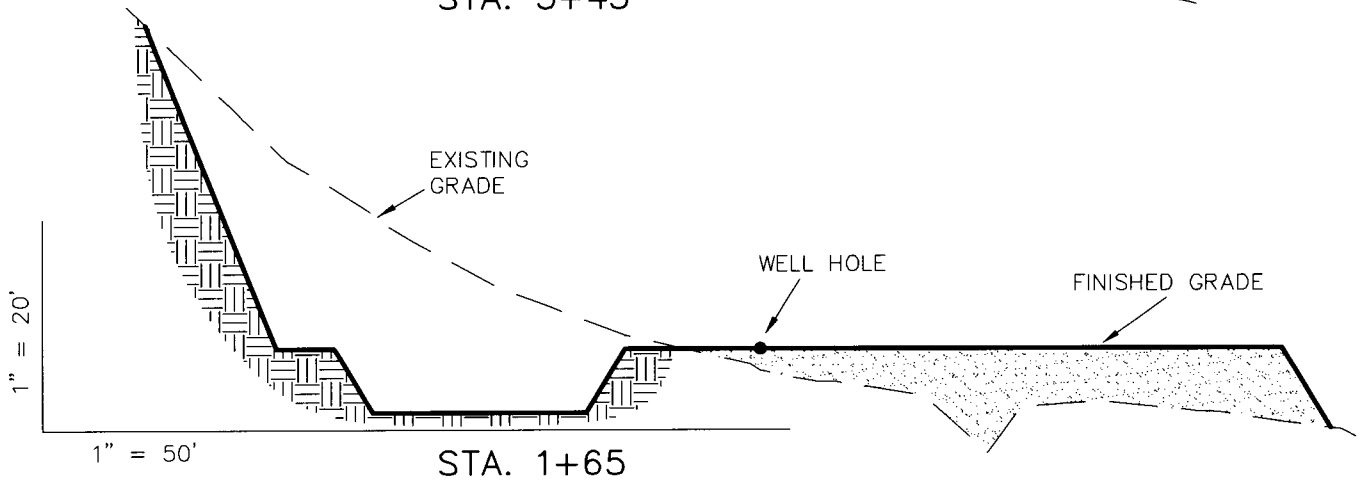
THE HOUSTON EXPLORATION COMPANY

CROSS SECTIONS

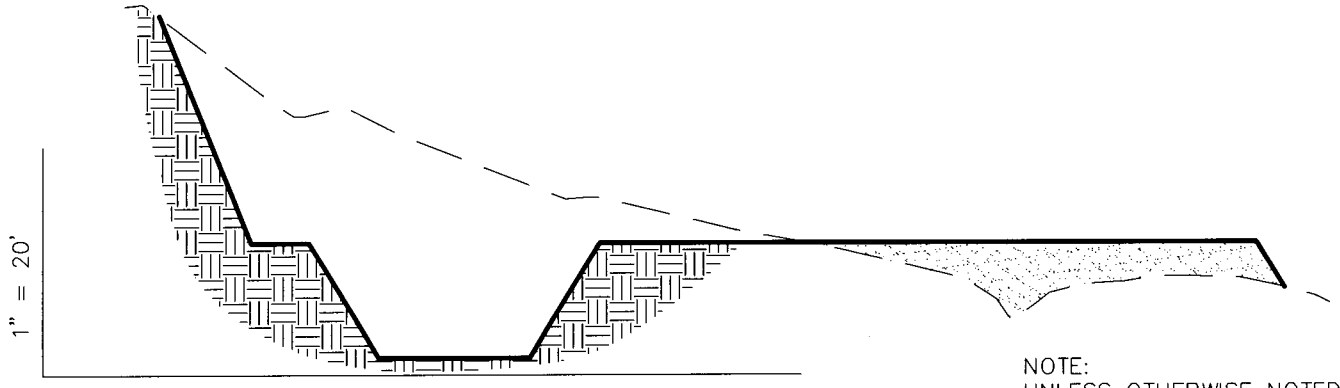
TWELVEMILE WASH 11-13-5-20



STA. 3+45

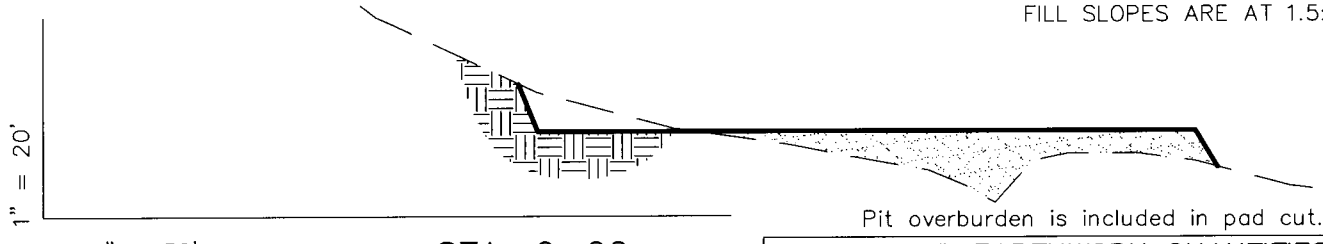


STA. 1+65



STA. 0+43

NOTE:
UNLESS OTHERWISE NOTED
CUT SLOPES ARE AT 1:1
FILL SLOPES ARE AT 1.5:1



STA. 0+00

Pit overburden is included in pad cut.

ESTIMATED EARTHWORK QUANTITIES
(No shrink or swell adjustments have been used)
(Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	10,440	10,440	Topsoil is not included in Pad Cut	0
PIT	3,340	0		3,340
TOTALS	13,780	10,440	1,500	3,340

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

REFERENCE POINTS

200' SOUTHWESTERLY = 5260.1'
235' SOUTHWESTERLY = 5262.5'
215' NORTHWESTERLY = 5268.0'
265' NORTHWESTERLY = 5268.0'

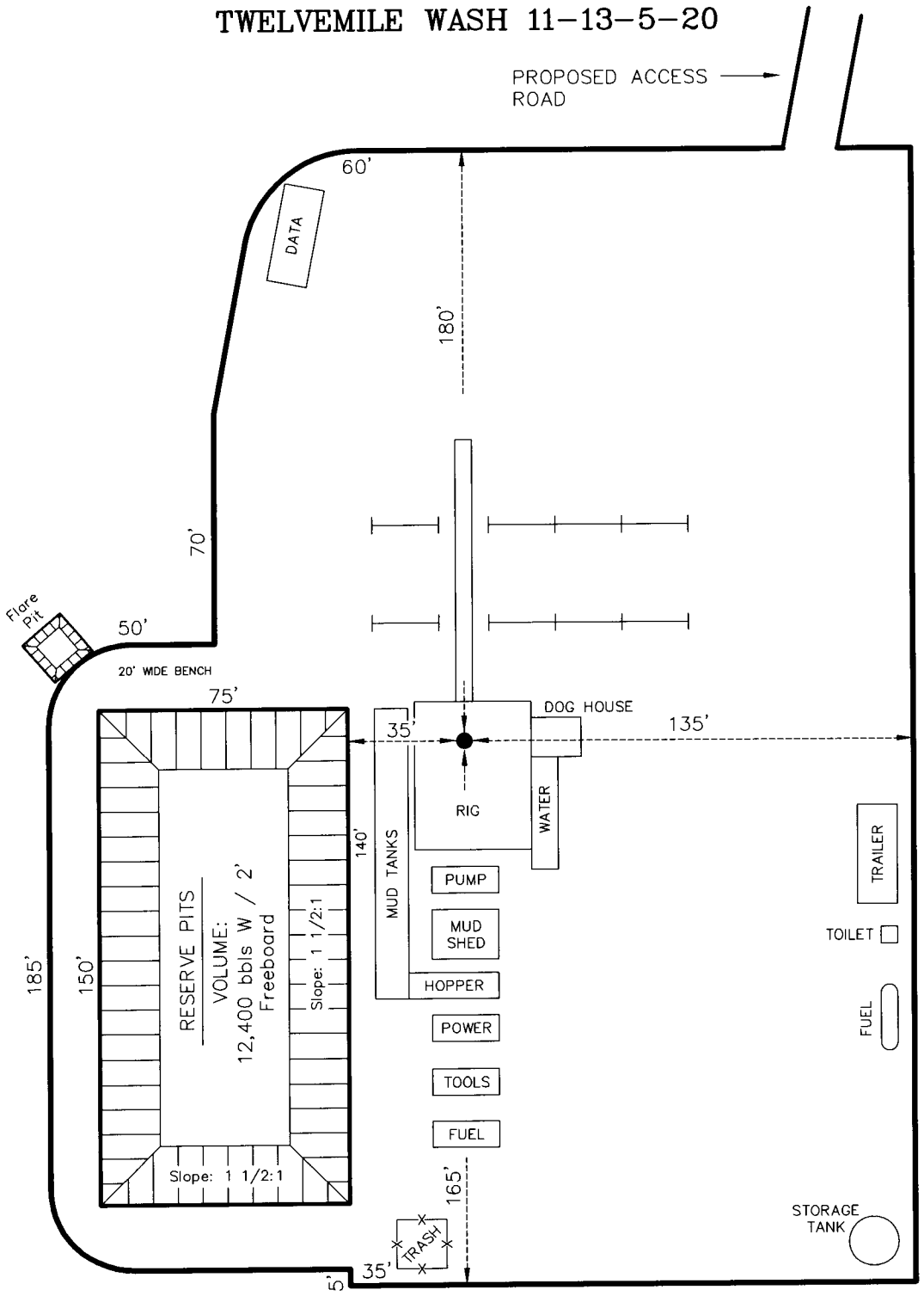
Section 13, T5S, R20E, S.L.B.&.M.	Qtr/Qtr Location: NE SW	Footage Location: 1899' FSL & 1984' FWL
Date Surveyed: 11-25-05	Date Drawn: 11-30-05	Date Last Revision: 8-1-06
Surveyed By: K.R.K.	Drawn By: M.W.W.	Scale: 1" = 50'

Timberline Land Surveying, Inc. (435) 789-1365
38 WEST 100 NORTH VERNAL, UTAH 84078

THE HOUSTON EXPLORATION COMPANY

TYPICAL RIG LAYOUT

TWELVEMILE WASH 11-13-5-20

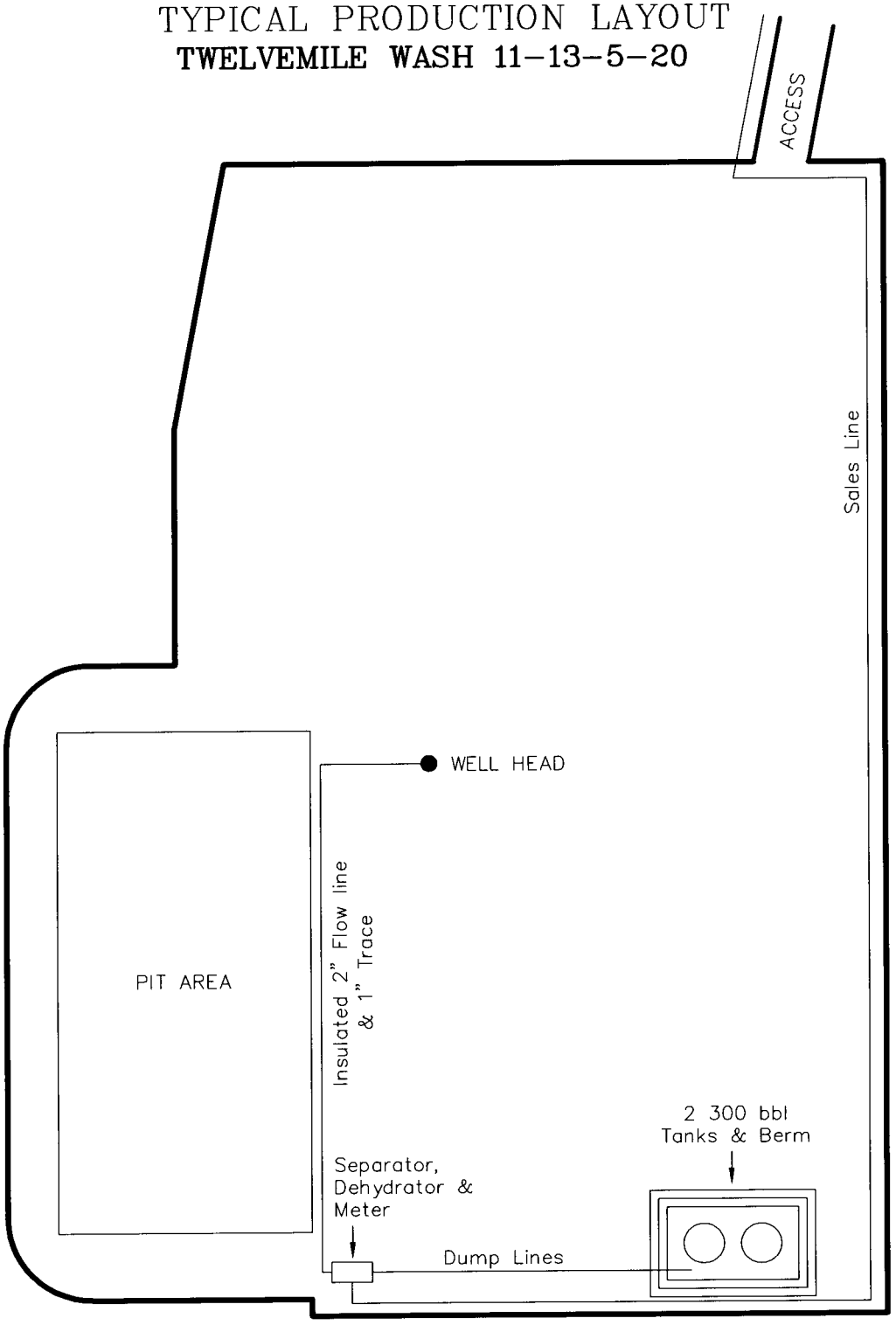


Section 13, T5S, R20E, S.L.B.&.M.	Qtr/Qtr Location: NE SW	Footage Location: 1899' FSL & 1984' FWL		
Date Surveyed: 11-25-05	Date Drawn: 11-30-05	Date Last Revision: 8-1-06	Timberline Land Surveying, Inc. (435) 789-1365 38 WEST 100 NORTH VERNAL, UTAH 84078	SHEET 5 OF 10
Surveyed By: K.R.K.	Drawn By: M.W.W.	Scale: 1" = 50'		

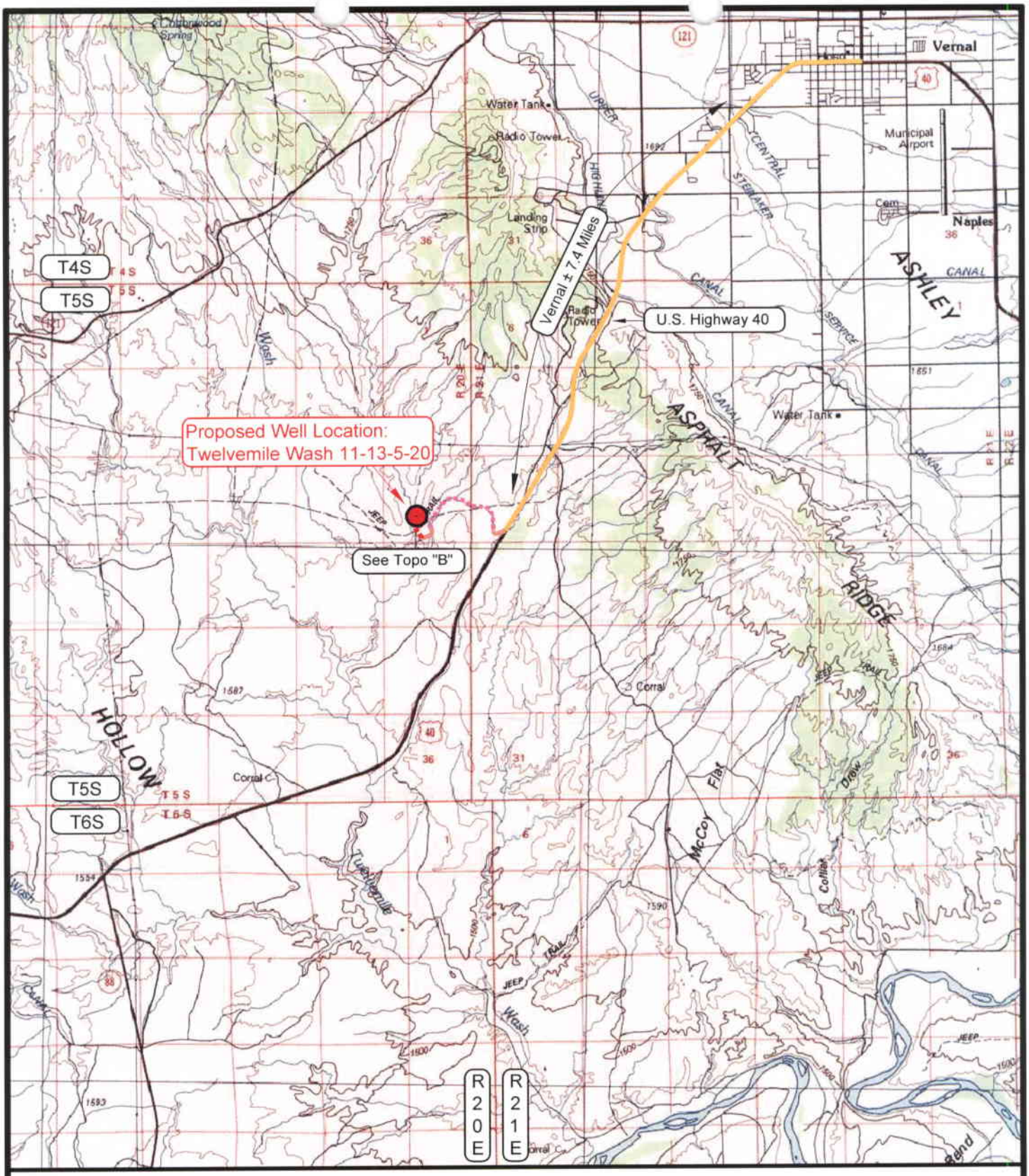
THE HOUSTON EXPLORATION COMPANY

TYPICAL PRODUCTION LAYOUT

TWELVEMILE WASH 11-13-5-20



Section 13, T5S, R20E, S.L.B.&.M.	Qtr/Qtr Location: NE SW		Footage Location: 1899' FSL & 1984' FWL	
Date Surveyed: 11-25-05	Date Drawn: 8-1-06	Date Last Revision:	*Timberline Land Surveying, Inc.* (435) 789-1365 38 WEST 100 NORTH VERNAL, UTAH 84078	SHEET 6 OF 10
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'		



LEGEND

= PROPOSED WELL LOCATION

B-5460 = COUNTY ROAD CLASS & NUMBER

= EXISTING ROAD

= EXISTING ROAD (TO BE IMPROVED)

= PROPOSED ACCESS ROAD

N

THE HOUSTON EXPLORATION COMPANY

Twelvemile Wash 11-13-5-20

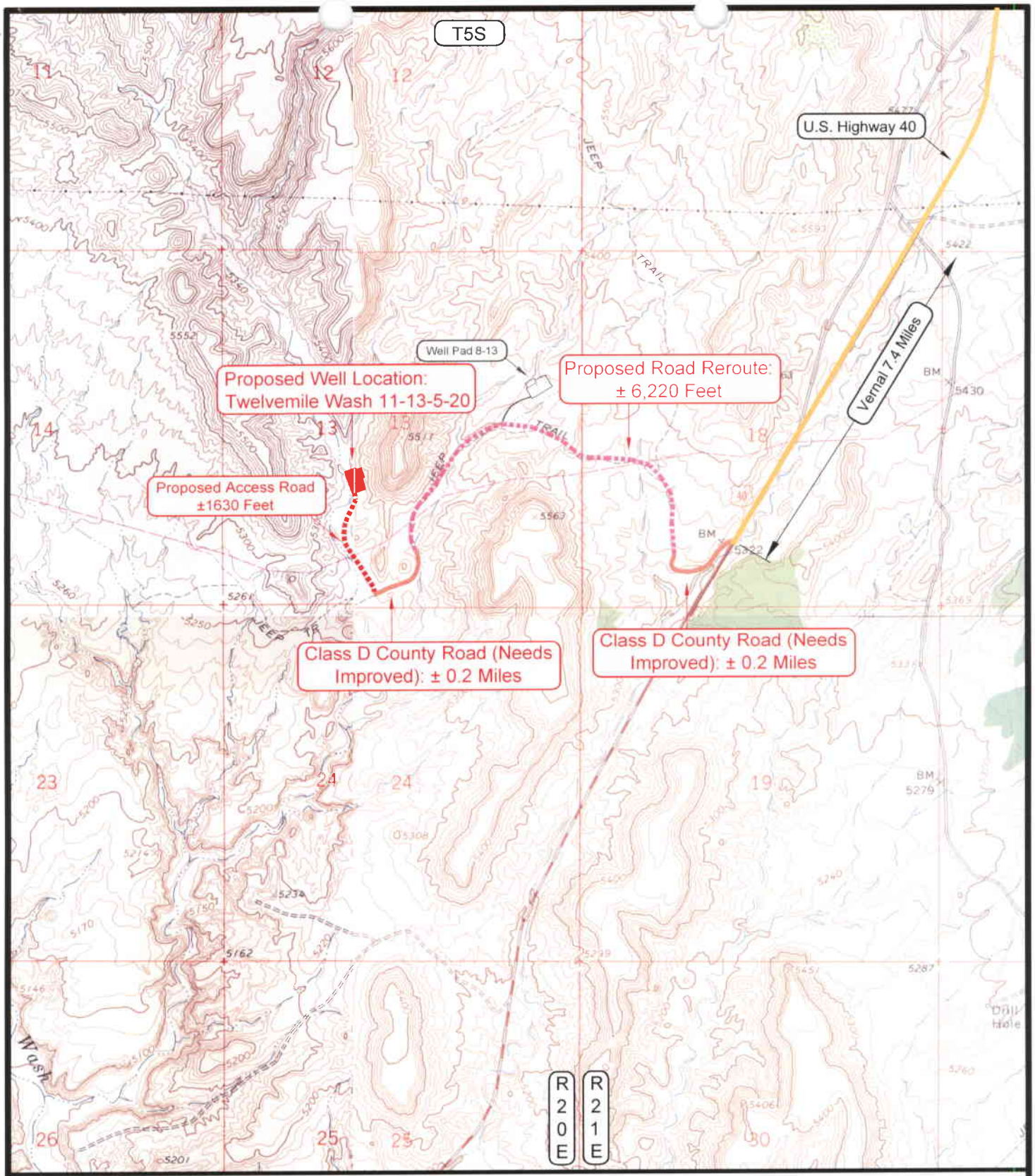
SECTION 13, T5S, R20E, S.L.B.&M.

1899' FSL & 1984' FWL

TOPOGRAPHIC MAP "A"	DATE SURVEYED: 11-25-05
	DATE DRAWN: 11-30-05
SCALE: 1:100,000 / DRAWN BY: B.J.Z.	REVISED: 8-1-06

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365

SHEET 7 OF 10



LEGEND

PROPOSED ACCESS ROAD
▪▪▪▪▪▪ = SUBJECT WELL
▪▪▪▪▪▪ = SHARED ACCESS
= EXISTING ROAD
= EXISTING ROAD (TO BE IMPROVED)
B-5460 = COUNTY ROAD CLASS & NUMBER
= LEASE LINE AND / OR PROPERTY LINE

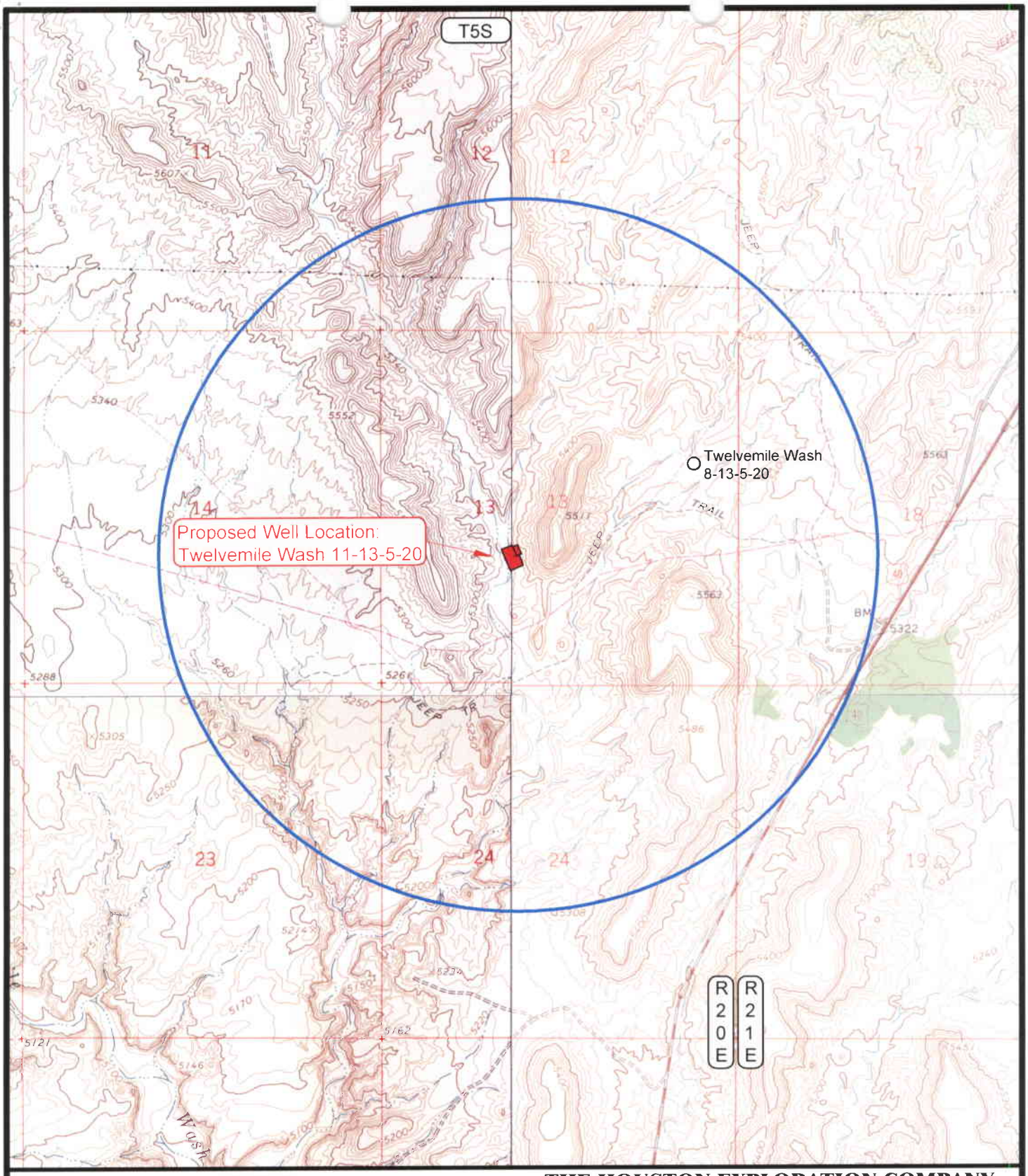
N

THE HOUSTON EXPLORATION COMPANY

Twelvemile Wash 11-13-5-20
SECTION 13, T5S, R20E, S.L.B.&M.
1899' FSL & 1984' FWL

TOPOGRAPHIC MAP "B"		DATE SURVEYED: 11-25-05
		DATE DRAWN: 11-30-05
SCALE: 1" = 2000'	DRAWN BY: BJZ	REVISED: 8-1-06

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365



LEGEND

- = DISPOSAL WELL
- = PRODUCING WELL
- = SHUT IN WELL
- = PROPOSED WELL
- = WATER WELL
- = ABANDONED WELL
- = TEMPORARILY ABANDONED WELL
- = ABANDONED LOCATION

N

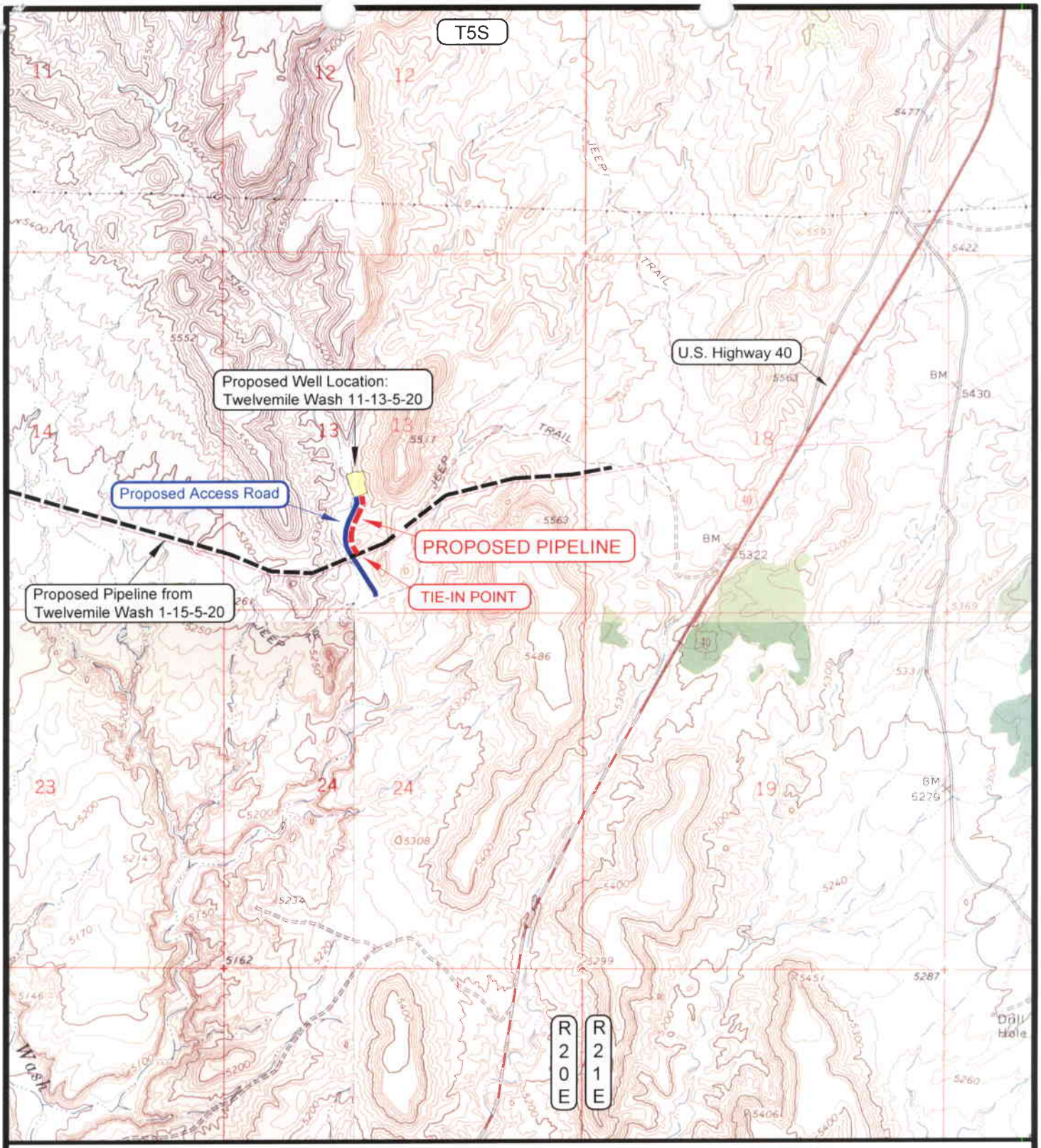
THE HOUSTON EXPLORATION COMPANY

Twelvemile Wash 11-13-5-20
SECTION 13, T5S, R20E, S.L.B.&M.
1899' FSL & 1984' FWL

TOPOGRAPHIC MAP "C"		DATE SURVEYED: 11-25-05
		DATE DRAWN: 11-30-05
SCALE: 1" = 2000'	DRAWN BY: BJZ	REVISED: 8-1-06

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365

SHEET 9 OF 10



APPROXIMATE PIPELINE LENGTH = 920 FEET

LEGEND

= PROPOSED PIPELINE
= OTHER PIPELINE
PROPOSED ACCESS ROAD
= SUBJECT WELL
= OTHER WELLS
= LEASE LINE AND / OR PROPERTY LINE

N

THE HOUSTON EXPLORATION COMPANY

Twelvemile Wash 11-13-5-20
SECTION 13, T5S, R20E, S.L.B.&M.
1899' FSL & 1984' FWL

TOPOGRAPHIC MAP "D"	DATE SURVEYED: 11-25-05
	DATE DRAWN: 8-01-06
SCALE: 1" = 2000'	DRAWN BY: J.R.S.
	REVISED:

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365

SHEET 10 OF 10

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/07/2006

API NO. ASSIGNED: 43-047-38437

WELL NAME: TWELVEMILE WASH 11-13-5-20
OPERATOR: HOUSTON EXPLORATION CO, (N2525)
CONTACT: BILL RYAN

PHONE NUMBER: 713-830-6800

PROPOSED LOCATION:
NESW 13 050S 200E
SURFACE: 1899 FSL 1984 FWL
BOTTOM: 1899 FSL 1984 FWL
COUNTY: UINTAH
LATITUDE: 40.38067 LONGITUDE: -109.6248
UTM SURF EASTINGS: 616738 NORTHINGS: 4470706
FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU-76494
SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSTC
COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat
✓ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 104155044)
N Potash (Y/N)
N Oil Shale 190-5 (B) or 190-3 or 190-13
✓ Water Permit
(No. MUNICIPAL)
N RDCC Review (Y/N)
(Date:)
NA Fee Surf Agreement (Y/N)
NA Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit: ___
✓ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___
___ R649-3-11. Directional Drill

COMMENTS: ___

STIPULATIONS: 1- Federal Approval
2- Spacing Slip

OPERATOR: THE HOUSTON EXPL CO (N2525)

SEC: 13,15 T.5S R. 20E

FIELD: WILDCAT (001)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N
W E
S

PREPARED BY: DIANA WHITNEY
DATE: 11-AUGUST-2006

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

August 14, 2006

Houston Exploration Company
1100 Louisiana, Ste. 2000
Houston, TX 77002

Re: Twelvemile Wash 11-13-5-20 Well, 1899' FSL, 1984' FWL, NE SW, Sec. 13, T. 5 South, R. 20 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38437.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Operator: Houston Exploration Company

Well Name & Number Twelvemile Wash 11-13-5-20

API Number: 43-047-38437

Lease: UTU-76494

Location: NE SW **Sec.** 13 **T.** 5 South **R.** 20 East

Conditions of Approval

1. General

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

   Notify the Division within 24 hours of spudding the well.

   - Contact Carol Daniels at (801) 538-5284.

   Notify the Division prior to commencing operations to plug and abandon the well.

   - Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Form 3160-3
(February 2005)

RECEIVED
AUG 0 2 2006

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
UTU-76494

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☐ Single Zone ☑ Multiple Zone

8. Lease Name and Well No.
Twelvemile Wash 11-13-5-20

2. Name of Operator
The Houston Exploration Company

9. API Well No.
43-047-38437

3a. Address **1100 Louisiana, Suite 2000, Houston, TX 77002**

3b. Phone No. *(include area code)*
713-830-6800

10. Field and Pool, or Exploratory
Exploratory

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **1,899' FSL & 1,984' FWL NE 1/4 of the SW 1/4**
At proposed prod. zone **Same as above**

11. Sec., T. R. M. or Blk. and Survey or Area
Sec. 13, T5S, R20E. S.L.B.&M.

14. Distance in miles and direction from nearest town or post office*
9.3 miles south of Vernal, UT

12. County or Parish
Uintah

13. State
UT

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1,899'

16. No. of acres in lease
2,000

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
NA

19. Proposed Depth
10,500'

20. BLM/BIA Bond No. on file
104155044

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5,268' GR

22. Approximate date work will start*
01/01/2007

23. Estimated duration
30 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature: William A Ryan
Name *(Printed/Typed)*: **William A Ryan**
Date: **07/31/2006**

Title: **Agent**

Approved by *(Signature)*: Jerry Kenczka
Name *(Printed Typed)*: **Jerry Kenczka**
Date: **3-20-2007**

Title: **Assistant Field Manager**
Lands & Mineral Resources

Office: **VERNAL FIELD OFFICE**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

NOTICE OF APPROVAL

RECEIVED
MAR 3 0 2007
DIV. OF OIL, GAS & MINING

06BM2344A

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE
170 South 500 East VERNAL, UT 84078 (435) 781-4400

CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company:	**Houston Exploration Company**	**Location:**	**NESW, Sec 13, T5S, R20E**
Well No:	**Twelvemile Wash 11-13-5-20**	**Lease No:**	**UTU-76494**
API No:	**43-047-38437**	**Agreement:**	**N/A**

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	435-781-4490	435-828-4470
Petroleum Engineer:	Michael Lee	435-781-4432	435-828-7875
Petroleum Engineer:	James Ashley	435-781-4470	435-828-7874
Petroleum Engineer:	Ryan Angus	435-781-4430	
Supervisory Petroleum Technician:	Jamie Sparger	435-781-4502	435-828-3913
NRS/Enviro Scientist:	Paul Buhler	435-781-4475	435-828-4029
NRS/Enviro Scientist:	Karl Wright	435-781-4484	
NRS/Enviro Scientist:	Holly Villa	435-781-4404	
NRS/Enviro Scientist:	Melissa Hawk	435-781-4476	435-828-7381
NRS/Enviro Scientist:	Chuck MacDonald	435-781-4441	
NRS/Enviro Scientist:	Jannice Cutler	435-781-3400	
NRS/Enviro Scientist:	Michael Cutler	435-781-3401	
NRS/Enviro Scientist:	Anna Figueroa	435-781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	435-781-3402	
NRS/Enviro Scientist:	Darren Williams	435-781-4447	
NRS/Enviro Scientist:	Nathan Packer	435-781-3405	
After Hours Contact Number: 435-781-4513		Fax: 435-781-4410	

A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR FIELD REPRESENTATIVE TO INSURE COMPLIANCE

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify NRS/Enviro Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify NRS/Enviro Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supervisory Petroleum Technician)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings
BOP & Related Equipment Tests (Notify Supervisory Petroleum Technician)	-	Twenty-Four (24) hours prior to initiating pressure tests
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days

SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)

General Surface COAs

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.

- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer AO. A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

Specific Surface COAs

- Surface Conditions of Approval or monitoring are listed in the Surface Use Plan of the APDs.

- The Operator will bury all pipelines within the main drainage crossings. This mitigation measure will negate any potential impacts to T&E fish.

- The Operator will use a double layer of felt under the standard 16mm liner for the reserve pit to prevent an excessive amount of contamination or leakage in the liner. This mitigation shall negate any potential impact to T&E fish.

- The Operator will armor the fill on corner #10 with big rocks.

- The Operator will construct a catch basin at the head of the drainage upon entrance to the location and will reroute the existing drainage around the west side of the location.

- The Operator will keep all fill materials out of the 100-year floodplain of Twelvemile Wash that exists to the west of the location.

- The Operator will contact the authorized officer (AO) of the BLM 48-hours prior to moving any dirt. This will suffice as the 48 hour construction notice, and a BLM representative shall be present on construction of this location, and/or access road.

- The operator will control noxious weeds along access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM weeds specialist or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides, pesticides or possibly hazardous chemicals.

- Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee will submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the area using appropriate reclamation methods.

- The interim seed mix for reclamation would be:

Hy-crest Crested Wheat grass	*Agropyron cristatum*	6 lbs per acre
Western Wheat grass	*Agropyron smithii*	3 lbs per acre
Needle and Thread grass	*Stipa comata*	3 lbs per acre

- Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil re-spread over the surface; and, the surface re-vegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding.

DOWNHOLE CONDITIONS OF APPROVAL

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

- A casing shoe integrity test shall be run on the surface casing shoe.
- Production casing cement shall be brought up and into the intermediate casing.
- A cement Bond Log (CBL) shall be run from the production casing shoe to the intermediate casing shoe. A field copy of the CBL shall be submitted to the BLM Vernal Field Office.
- Intermediate casing cement shall be brought up and into the surface casing.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment BOPE shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources such as Gilsonite, tar sands, oil shale, trona, etc. to the Vernal Field Office, in writing, within 5 working days of

each encounter. Each report shall include the well name/number, well location, date and depth from KB or GL of encounter, vertical footage of the encounter and, the name of the person making the report along with a telephone number should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.

- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.

- A cement bond log CBL will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**

- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.

- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" Oil and Gas Operations Report OGOR starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 303 231-3650 for reporting information.

- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:

    - Operator name, address, and telephone number.
    - Well name and number.
    - Well location ¼¼, Sec., Twn, Rng, and P.M..
    - Date well was placed in a producing status date of first production for which royalty will be paid.
    - The nature of the well's production, i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons.
    - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
    - Unit agreement and/or participating area name and number, if applicable.
    - Communitization agreement number, if applicable.

- Any venting or flaring of gas shall be done in accordance with Notice to Lessees NTL 4A and needs prior approval from the BLM Vernal Field Office.

- All undesirable events fires, accidents, blowouts, spills, discharges as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" BLM Form 3160-4 shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data

obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples cuttings, fluid, and/or gas shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.

- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.

- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.

- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.

- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.

- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" Form BLM 3160-5 must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-76494

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA

7. UNIT or CA AGREEMENT NAME: NA

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Twelve Mile Wash 11-13-5-20

2. NAME OF OPERATOR: The Houston Exploration Company

9. API NUMBER: 4304738437

3. ADDRESS OF OPERATOR: 1100 Louisiana, Suite 2000 CITY Houston STATE TX ZIP 77002

PHONE NUMBER: (713) 830-6800

10. FIELD AND POOL, OR WILDCAT: Exploratory

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1899' FSL & 1984' FWL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 13 T5S 20E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☑ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: Extension
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Operator respectfully requests to extend approval for the subject location for one year.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-26-07

By:

NAME (PLEASE PRINT) William A. Ryan TITLE Agent

SIGNATURE William A Ryan DATE 7/19/2007

(This space for State use only)

COPY SENT TO OPERATOR
Date: 7-27-07
Initials: RM

(5/2000) (See Instructions on Reverse Side)

[redacted]

Application for Permit to Drill
Request for Permit Extension
Validation
(this form should accompany the Sundry Notice requesting permit extension)

API: 4304738437
Well Name: Twelve Mile Wash 11-13-5-20
Location: Section 13, Township 5 South, Range 20 East NESW
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 8/14/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes☐ No☑

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes☐ No☑

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes☐ No☑

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes☐ No☑

Has the approved source of water for drilling changed? Yes☐ No☑

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes☐ No☑

Is bonding still in place, which covers this proposed well? Yes☑ No☐

William A Ryan
Signature

7/19/2007
Date

Title: Agent

Representing: The Houston Exploration Company

Division of Oil, Gas and Mining

OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

Change of Operator (Well Sold) **X - Operator Merger**

The operator of the well(s) listed below has changed, effective: **6/1/2007**

FROM: (Old Operator):	**TO:** (New Operator):
N2525 - The Houston Exploration Company	N6965-Forest Oil Corporation
1100 Louisiana, Suite 2000	707 17th St, Suite 3600
Houston, TX 77002	Denver, CO 80202
Phone: 1-(713) 830-6800	Phone: 1 (303) 812-1755

CA No. **Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 7/30/2007
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 7/30/2007
3. The new company was checked on the **Department of Commerce, Division of Corporations Database on:** 7/31/2007
4a. Is the new operator registered in the State of Utah: Business Number: 571171-0143
4b. If **NO**, the operator was contacted contacted on:
5a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
5b. Inspections of LA PA state/fee well sites complete on:
5c. Reports current for Production/Disposition & Sundries on: YES
6. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 7/31/2007 BIA
7. **Federal and Indian Units:**
   The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
8. **Federal and Indian Communization Agreements ("CA"):**
   The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
9. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject,** for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database on:** 8/27/2007
2. Changes have been entered on the **Monthly Operator Change Spread Sheet on:** 8/27/2007
3. Bond information entered in RBDMS on: 8/27/2007
4. Fee/State wells attached to bond in RBDMS on: 8/27/2007
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: 7/30/2007

BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: 6236351
2. Indian well(s) covered by Bond Number: n/a
3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 6218963
3b. The **FORMER** operator has requested a release of liability from their bond on: not yet

LEASE INTEREST OWNER NOTIFICATION:

4. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 8/1/2007

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER	5. LEASE DESIGNATION AND SERIAL NUMBER: See Attached List
	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
	7. UNIT or CA AGREEMENT NAME:
	8. WELL NAME and NUMBER: See Attached List
2. NAME OF OPERATOR: Forest Oil Corporation N6965	9. API NUMBER: various
3. ADDRESS OF OPERATOR: 707 17th Street, #3600 CITY Denver, STATE CO ZIP 80202 — PHONE NUMBER: (303) 812-1755	10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL — FOOTAGES AT SURFACE: See attached list	COUNTY:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:	STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start: _____	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☑ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: Change of Operator
_____	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. N2525

Effective 6/1/2007 please change the operator for the attached list of Utah wells from The Houston Exploration Company N-2525) to Forest Oil Corporation (N-6965). Forest merged with The Houston Exploration Company, a copy of the merger document is attached.. The contract operated wells will continue to be contract operated by Enduring.

Forest Oil Corporation as new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning approved operations conducted on the lease or portion of the lease described.

Forest Oil Corporation meets the State of Utah bonding requirements under Safeco bond #6218963.

Please send all future correspondence to Forest Oil Corporation at the above listed address.

Forest Oil Corporation, 707 17th Street, Suite #3600, Denver, CO 80202

J. C. Ridens, Senior Vice President - Western Region

7-5-07
Date

NAME (PLEASE PRINT) Joanne C. Hresko TITLE Vice President & General Mgr. - Northern Division

SIGNATURE Joanne C. Hresko DATE 7-5-07

(This space for State use only)

APPROVED 8/27/07
Carlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

All wells with APD or New status

(See Instructions on Reverse Side)

RECEIVED
JUL 30 2007
DIV OF OIL, GAS & MINING

(5/2000)

wmp

well_name	sec	twp	rng	api	entity	lease	well	stat	flag
HORSESHOE BEND 16-33	33	060S	210E	4304736214		Federal	OW	APD	
HORSESHOE BEND 3-33	33	060S	210E	4304736215		Federal	OW	APD	
N HORSESHOE 7-16-6-21	16	060S	210E	4304737438		State	GW	APD	C
N HORSESHOE 9-16-6-21	16	060S	210E	4304737439		State	GW	APD	C
N HORSESHOE 15-16-6-21	16	060S	210E	4304737440		State	GW	APD	C
N HORSESHOE 11-16-6-21	16	060S	210E	4304737441		State	GW	APD	C
N HORSESHOE 1-16-6-21	16	060S	210E	4304737442		State	GW	APD	C
N HORSESHOE 13-2-6-21	02	060S	210E	4304737476		State	GW	APD	C
N HORSESHOE 15-2-6-21	02	060S	210E	4304737477		State	GW	APD	C
GUSHER 2-2-6-19	02	060S	190E	4304737561		State	OW	APD	C
GUSHER 16-2-6-19	02	060S	190E	4304737562		State	OW	APD	C
GUSHER 1-2-6-19	02	060S	190E	4304737563		State	OW	APD	C
GUSHER 3-2-6-19	02	060S	190E	4304737568		State	OW	APD	C
E COYOTE 6-2-8-25	02	080S	250E	4304737572		State	GW	APD	C
E COYOTE 3-2-8-25	02	080S	250E	4304737573		State	GW	APD	C
E COYOTE 8-2-8-25	02	080S	250E	4304737574		State	GW	APD	C
N HORSESHOE 13-16-6-21	16	060S	210E	4304737575		State	GW	APD	C
E COYOTE 4-2-8-25	02	080S	250E	4304737882		State	GW	APD	C
E COYOTE 14-2-8-25	02	080S	250E	4304737883		State	GW	APD	C
E COYOTE 10-2-8-25	02	080S	250E	4304737884		State	GW	APD	C
E COYOTE 16-2-8-25	02	080S	250E	4304737885		State	GW	APD	C
E COYOTE 12-2-8-25	02	080S	250E	4304737886		State	GW	APD	C
N HORSESHOE 16-18-6-22	18	060S	220E	4304737887		Federal	GW	APD	C
N HORSESHOE 14-18-6-22	18	060S	220E	4304737888		Federal	GW	APD	C
N HORSESHOE 2-18-6-22	18	060S	220E	4304737889		Federal	GW	APD	C
N HORSESHOE 10-18-6-22	18	060S	220E	4304737890		Federal	GW	APD	C
N HORSESHOE 8-18-6-22	18	060S	220E	4304737891		Federal	GW	APD	C
N HORSESHOE 13-15-6-21	15	060S	210E	4304738013		Federal	GW	APD	C
N HORSESHOE 15-15-6-21	15	060S	210E	4304738014		Federal	GW	APD	C
N HORSESHOE 11-15-6-21	15	060S	210E	4304738015		Federal	GW	APD	C
N HORSESHOE 9-15-6-21	15	060S	210E	4304738016		Federal	GW	APD	C
N HORSESHOE 5-15-6-21	15	060S	210E	4304738017		Federal	GW	APD	C
N HORSESHOE 3-15-6-21	15	060S	210E	4304738018		Federal	GW	APD	C
N HORSESHOE 5-20-6-22	20	060S	220E	4304738019		Federal	GW	APD	C
N HORSESHOE 13-20-6-22	20	060S	220E	4304738020		Federal	GW	APD	C
N HORSESHOE 3-20-6-22	20	060S	220E	4304738021		Federal	GW	APD	C
N HORSESHOE 7-20-6-22	20	060S	220E	4304738022		Federal	GW	APD	C
N HORSESHOE 11-20-6-22	20	060S	220E	4304738023		Federal	GW	APD	C
N HORSESHOE 2-12-6-21	12	060S	210E	4304738198		Federal	GW	APD	C
N HORSESHOE 14-12-6-21	12	060S	210E	4304738199		Federal	GW	APD	C
N HORSESHOE 10-12-6-21	12	060S	210E	4304738200		Federal	GW	APD	C
N HORSESHOE 8-12-6-21	12	060S	210E	4304738201		Federal	GW	APD	C
N HORSESHOE 16-13-6-21	13	060S	210E	4304738202		Federal	GW	APD	C
N HORSESHOE 15-17-6-22	17	060S	220E	4304738203		Federal	GW	APD	C
N HORSESHOE 5-19-6-22	19	060S	220E	4304738204		Federal	GW	APD	C
N HORSESHOE 15-19-6-22	19	060S	220E	4304738205		Federal	GW	APD	C
N HORSESHOE 3-21-6-22	21	060S	220E	4304738206		Federal	GW	APD	C
N HORSESHOE 11-21-6-22	21	060S	220E	4304738207		Federal	GW	APD	C
N HORSESHOE 15-21-6-22	21	060S	220E	4304738208		Federal	GW	APD	C
N HORSESHOE 13-21-6-22	21	060S	220E	4304738209		Federal	GW	APD	C
N HORSESHOE 5-21-6-22	21	060S	220E	4304738210		Federal	GW	APD	C
N HORSESHOE 7-19-6-22	19	060S	220E	4304738271		Federal	GW	APD	C
N HORSESHOE 5-16-6-22	16	060S	220E	4304738406		State	GW	APD	

well_name	sec	twp	rng	api	entity	lease	well	stat	flag
TWELVEMILE WASH 11-13-5-20	13	050S	200E	4304738437		Federal	GW	APD	C
TWELVEMILE WASH 1-15-5-20	15	050S	200E	4304738438		Federal	GW	APD	C
N HORSESHOE 4-33-5-21	33	050S	210E	4304738439		Federal	GW	APD	C
GUSHER 6-15-6-19	15	060S	190E	4304738440		Federal	GW	APD	C
HORSESHOE BEND W 9-34-6-20	34	060S	200E	4304738441		Federal	GW	APD	C
N HORSESHOE 16-12-6-21	12	060S	210E	4304738442		Federal	GW	APD	C
N WALKER HOLLOW 12-29-6-23	29	060S	230E	4304738443		Federal	GW	APD	C
N WALKER HOLLOW 10-30-6-23	30	060S	230E	4304738444		Federal	GW	APD	C
PELICAN LAKE 11-3-8-20	03	080S	200E	4304738445		Federal	GW	APD	C
PELICAN LAKE 8-4-8-20	04	080S	200E	4304738446		Federal	GW	APD	C
E COYOTE 10-3-8-25	03	080S	250E	4304738447		Federal	GW	APD	C
BORDER 10-9-8-25	09	080S	250E	4304738448		Federal	GW	APD	C
N WALKER HOLLOW 14-33-6-23	33	060S	230E	4304738455		Federal	GW	APD	C
SNAKE JOHN WASH 14-11-7-25	11	070S	250E	4304738456		Federal	GW	APD	C
SNAKE JOHN WASH 4-24-7-25	24	070S	250E	4304738457		Federal	GW	APD	C
SQUAW RIDGE 1-26-7-25	26	070S	250E	4304738458		Federal	GW	APD	C
SQUAW RIDGE 13-28-7-25	28	070S	250E	4304738459		Federal	GW	APD	C
SQUAW RIDGE 16-30-7-25	30	070S	250E	4304738460		Federal	GW	APD	C
SQUAW RIDGE 14-16-7-25	16	070S	250E	4304738461		State	GW	APD	C
GUSHER 13-11-5-19	11	050S	190E	4304738462		State	GW	APD	C
N HORSESHOE 1-15-6-21	15	060S	210E	4304738831		Federal	GW	APD	C
N HORSESHOE 16-9-6-22	09	060S	220E	4304739083		State	GW	APD	
N HORSESHOE 12-7-6-22	07	060S	220E	4304739084		State	GW	APD	
N HORSESHOE 14-10-6-22	10	060S	220E	4304739085		State	GW	APD	
N HORSESHOE 2-15-6-22	15	060S	220E	4304739086		State	GW	APD	
N WALKER HOLLOW 12-32-6-23	32	060S	230E	4304739087		State	GW	APD	
N WALKER HOLLOW 10-32-6-23	32	060S	230E	4304739088		State	GW	APD	
N WALKER HOLLOW 16-32-6-23	32	060S	230E	4304739089		State	GW	APD	
N WALKER HOLLOW 8-32-6-23	32	060S	230E	4304739090		State	GW	APD	
N WALKER HOLLOW 11-36-6-23	36	060S	230E	4304739091		State	GW	APD	
N WALKER HOLLOW 13-36-6-23	36	060S	230E	4304739092		State	GW	APD	
N WALKER HOLLOW 14-32-6-23	32	060S	230E	4304739093		State	GW	APD	
N WALKER HOLLOW 15-36-6-23	36	060S	230E	4304739094		State	GW	APD	
N HORSESHOE 4-15-6-22	15	060S	220E	4304739095		State	GW	APD	
N HORSESHOE 9-10-6-21	10	060S	210E	4304739284		Federal	GW	APD	C
N HORSESHOE 12-13-6-21	13	060S	210E	4304739285		Federal	GW	APD	
N HORSESHOE 7-15-6-21	15	060S	210E	4304739286		Federal	GW	APD	
N HORSESHOE 9-19-6-22	19	060S	220E	4304739287		Federal	GW	APD	
N HORSESHOE 13-19-6-22	19	060S	220E	4304739288		Federal	GW	APD	
N HORSESHOE 11-19-6-22	19	060S	220E	4304739289		Federal	GW	APD	
SQUAW RIDGE 16-13-7-24	13	070S	240E	4304739319		Federal	GW	APD	C
N HORSESHOE 16-7-6-22	07	060S	220E	4304739320		Federal	GW	APD	C
SQUAW RIDGE 8-16-7-25	16	070S	250E	4304738024		State	GW	NEW	C

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Twelvemile Wash 11-13-5-20
API number:	4304738437
Location:	Qtr-Qtr: NESW Section: 13 Township: 5S Range: 20E
Company that filed original application:	The Houston Exploration Company
Date original permit was issued:	08/14/2006
Company that permit was issued to:	The Houston Exploration Company

Check one	Desired Action:
	Transfer pending (unapproved) Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
✓	**Transfer approved Application for Permit to Drill to new operator**
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	**Yes**	**No**
If located on private land, has the ownership changed?		✓
If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		✓
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		✓
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		✓
Has the approved source of water for drilling changed?		✓
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		✓
Is bonding still in place, which covers this proposed well? Bond No. 6218963	✓	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Tami Hofmann Title Regulatory Specialist

Signature Tami Hofmann Date 08/06/2007

Representing (company name) Forest Oil Corporation

The person signing this form must have *legal authority* to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
http://www.blm.gov/utah/vernal

TAKE PRIDE IN AMERICA

IN REPLY REFER TO:
3160
UT08300

September 7, 2007

Lloyd Bruce
The Houston Exploration Co.
1100 Louisiana, Suite 2000
Houston, Texas 77002-6800

Re: Well No. Twelvemile Wash 11-13-5-20
NESW, Sec. 13, T5S, R20E
Uintah County, Utah
Lease No. U-76494

Dear Mr. Bruce:

The Application for Permit to Drill the above-referenced well, Twelvemile Wash 11-13-5-20 was approved on March 28, 2007. According to our records, Federal Lease UTU-76494 has expired by its own terms and conditions, effective June 30, 2007. In view of the foregoing, this office is rescinding its approval of the referenced Application for Permit to Drill due to the lease expiration.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions in this matter, please contact me at phone number (435) 781-4440.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Minerals Resources

cc: UDOGM

RECEIVED
SEP 17 2007
DIV OF OIL, GAS & MINING

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

September 19, 2007

Lloyd Bruce
The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, TX 77002-6800

Re: APD Rescinded – Twelvemile Wash 11-13-5-20 Sec. 13, T. 5S, R. 20E, Uintah County, Utah API No. 43-047-38437

Dear Mr. Bruce:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 14, 2006. On July 26, 2007, the Division granted a one-year APD extension. On September 17, 2007 the Division received a letter from the Bureau of Land Management (BLM), which states that the permit filed with the BLM is being returned. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 19, 2007.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

UTAH DNR OIL, GAS & MINING